



State of Utah

Department of
Natural Resources

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Division of
Oil, Gas & Mining

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Lieutenant Governor

October 26, 2004

CERTIFIED RETURN RECEIPT
7099 3400 0016 8896 0518

W. Dan Proctor
Unico Incorporated
951 East 830 South
Pleasant Grove, Utah 84062

Re: Sixth Review of Notice of Intention to Commence Large Mining
Operations, Unico Incorporated, Deer Trail Mine, M/031/003, Piute
County, Utah

Dear Mr. Proctor:

The Division has completed a review of your draft response to the Division's fifth technical review sent to you on August 24, 2004 for the Deer Trail Mine, located in Piute County, Utah. Your response was received August 31, 2004. After reviewing the information, the Division has the following comments that still need to be addressed before tentative approval may be granted.

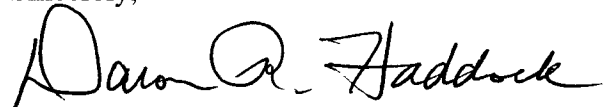
The comments are listed below under the applicable Minerals Rule heading. Please format your response in a similar fashion. **Please address only those items requested in the attached technical review. You should send replacement pages of the original notice using redline and strikeout text, so we can see what changes have been made. After the notice is determined technically complete and we are prepared to issue final approval, we will ask that you send us two clean copies of the complete and corrected plan. Upon final approval of the permit, we will return one copy stamped "approved" for your records.** Please provide a response to this review by November 18, 2004.

The Division will suspend further review of the Deer Trail mine Notice of Intention until your response to this letter is received. If you have any questions in this regard please contact me, or Lynn Kunzler of the Minerals Staff. If you wish to arrange a meeting to sit down and discuss this review, please contact us at your

W. Dan Proctor
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earliest convenience. Thank you for your cooperation in completing this permitting action.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock". The signature is fluid and cursive, with the first name "Daron" and last name "Haddock" clearly legible.

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:lk:jb
Attachment: Review
cc: Mark Lopez, Operator
Steve Winslow, USFS
O:\M031-Piute\M0310003-Unico\final\6thREV.doc

**SIXTH REVIEW OF NOTICE OF INTENTION TO
COMMENCE LARGE MINING OPERATIONS**

**Unico Incorporated
Deer Trail Mine**

**M/031/003
October 26, 2004**

R647-4-105 - Maps, Drawings & Photographs

105.1 Topographic base map, boundaries, pre-act disturbance

Attached to this review are a series of maps produced by the Division that show the extent of current disturbance associated with this operation. Acreage determinations were based on GPS survey data. A total of 12.81 acres have been included in the disturbed acreage (this includes 0.31 acres of pre-existing roads within the Mill area disturbance that will not require reclamation). Please use these base maps, or at least provide the information from these maps on base maps you have generated. (LK)

105.2 Surface facilities map

The notice indicates that there are 17 buildings and structures at the site. The numerical id attached to each feature should be reflected on the surface facilities map to aid in the identification of each of these structures. (DJ)

This list does not include the water tank or the 370' of chain link fence noted for removal in Unico's approved Forest Service Application. These items should be included in the list and the cost of removal added to the surety. (DJ)

This listing indicates that the timbered entrance to #2 tunnel will be pushed into the #2 adit by a dozer. Will dozing this material into an open adit sufficiently close this feature? (DJ)

This notation also states "the small cinder block shop at the #3 tunnel area will be pushed over and buried on site". The approved plan for the PTH tunnel area states that all building debris will be removed from site. Please modify the text and the surety to show the removal of this material. (DJ)

The map of the PTH tunnel area notes that soil will be replaced in some areas and other areas will be mulched and seeded with some soil. The map should indicate the depth of soils to be replaced in each of these areas shown on the map. (DJ)

R647-4-106 - Operation Plan

106.2 Type of operations conducted, mining method, processing etc.

The processing facility is noted as a 60x40 building. The text notes, "It has been decided to not include any attachments to the main processing building at this time". During our last field inspection it was noted that a 40' to 20' unfinished addition had been placed on the northeast end of the building and a small ~20'x20' addition exists on the southeast

corner of the building. These are structures that presently exist and should be included in the reclamation surety calculations. (DJ)

Unico has acquired a total of three water well permits for use during this operation. The notice states pipes to deliver from these wells to the operation will be buried to protect them from freezing. The reclamation of all disturbances associated with the drilling of these wells and water delivery systems should be included in the application. This should include any disturbances that may be needed to provide power for the pumps at these sites. (DJ)

It is noted in the plan that crude ore from the PTH tunnel will be stacked on a cement pad just below the PTH tunnel level at the surface. The location and the size (depth, size & any reinforcements) should be included in the notice. The destruction and removal of this concrete pad during reclamation should be included in the surety calculations. (DJ)

The plan contains a letter from Unico to the Fish Lake National Forest Offices requesting that the crushing plant to be used at the PTH tunnel, be included in their plan. The plan, as received, does not contain any reference to this possibility. Please state in the plan whether this is a possibility and show this location on the PTH tunnel site map. (DJ)

106.3 Estimated acreages disturbed, reclaimed, annually.

Current disturbed acreage is shown on the attached maps. In summary, the Upper Deer Trail area includes a dump and screening area (total of 0.86 acres). The increased width of the access road from the PTH area to the Upper Deer Trail area is 1.0 acre. The PTH area is 3.1 acres (there is an additional 2.3 acres of disturbance which is not included in the permit that includes the grandfathered (pre-existing) dump area and areas associated with fire suppression activities created during a recent forest fire in the area.). The Mill area includes 6.99 acres (which includes 0.31 acres of pre-existing road which will not require reclamation), the fresh water pond (0.73 acres) and access to the pond (0.13 acres). This shows a total of 12.81 acres currently associated with this operation, of which 12.5 acres will require reclamation treatments. If there is any additional area that will be added to the permit, please identify these areas. (LK)

106.4 Nature of materials mined, waste and estimated tonnages

The application states that additional waste material will be placed on the PTH dump during the on-going mining operation. Maps included in the plan do not make allowances for this additional material. Also the additional area that will be impacted by the resloping of this portion of the dump should also be included in the area to be affected. (DJ)

106.5 Existing soil types, location, amount

Your revised Notice requests that the replacement soil materials not be tested until they are used for reclamation. While it is important to test soil materials at the time of reclamation, it is also important to test these materials now to assure that they are suitable

(or with practical amendments, can be made suitable) for reclamation. Please provide the requested analysis of the replacement soils. (LK)

R647-4-107 - Operation Practices

107.1 Public safety & welfare

107.1.13 Plugging or capping drill holes

The notice states "Water well holes drilled within the area of this LMO will be plugged with at least 6 feet of cement from the collar of the hole down. The State of Utah Water Well Handbook Administrative Rule R655-4-12.9 states that "All gravel packed wells shall be pressure grouted throughout the perforated or screened section of the well. The remainder of the well shall be filled with sand cement grout, neat cement grout, bentonite abandonment products, or bentonite grout. The uppermost ten feet shall be abandoned as required in Section 12.5.3." This Section states: The uppermost 10 feet of the abandoned well casing or borehole shall consist of neat cement grout or sand cement grout". This well abandonment procedure should be included in the plan. The cost for this procedure needs to be included in the surety. (DJ)

107.1.15 Constructing berms, fences, etc. above highwalls

Ponds will be fenced to preclude the entry of unauthorized personnel and wildlife. Please include in the plan a description of the construction of this fence and note the location on the surface facilities map (note: the fence will need to be a minimum of 6-feet high to preclude wildlife). (DJ&LK)

The plan states process reagents will be stored in mill building, storage trailers or kept secure behind gated areas. No storage trailers or gated areas have been delineated on any of the surface facilities maps. Please include these features on a surface facility map and include the cost of removal of these items in the reclamation surety. (DJ)

107.2 Drainages

The crossing of the Cottonwood Creek currently is a low water crossing and the creek is not protected. As the mine increases production and uses more haul truck traffic, it will be necessary to protect this crossing (i.e. two 40" culverts, bridge, etc.). Please describe how you will make this crossing. (TM)

R647-4-109 - Impact Assessment

109.5 Measures to Mitigate Impacts

The impacts and loss of soil resources will be mitigated by importing soil materials that were deposited near the site during recent flood/mud flow events from recently burned areas above the mine site. While it is believed that this material is suitable, testing (lab

analysis) of this material would demonstrate this suitability and what, if any, amendment may be needed. Based on acreage calculated for various areas, and agreements made on site as to the depth of growth material that would be needed for various areas, the following amounts of materials are needed for reclamation, and need to be included in the plan:

<u>Area</u>	<u>Acreage and depth</u>	<u>Volume (yd³)</u>
PTH Area	3.1 acres @ 6" depth	2,500
Road to Upper Deer Trail	1.0 acres @ no add. soil	0
Upper Deer Trail Area	0.86 acres @ no add. soil	0
Road to fresh water pond	0.13 acres @ no add. soil	0
Fresh water pond	0.73 acres @ 2" depth	200
Mill area	3.20 acres @ 10" depth	4,300
<u>Mill area</u>	<u>3.79 acres @ no add. soil</u>	<u>0</u>
TOTAL (soil volume needed for reclamation)		7,000 yd ³

R647-4-110 - Reclamation Plan

110.2 Roads, highwalls, slopes, drainages, pits, etc., reclaimed

The Deer Trail Millsite map indicates the area of the water holding pond is a lightly impacted area. This area will require the removal of the liner, recontouring of the berms, replacement of soils and seeding. This area should not be included in the lightly impacted areas and additional surety calculated to complete the tasks noted above. (DJ)

This portion of the plan states, "All shafts will be covered with reinforced steel grates that will allow for bat entry". Under Section 105.2 of the plan, #2 tunnel will have material pushed into the adit to plug and no closure action is described for #3 tunnel. The surety only reflects an amount for the placement of a bat gate on the PTH tunnel. Please clarify this difference and include the placement of any additional bat gates in the surety. (DJ)

110.5 Revegetation planting program

The plan states that a hoe bucket will harrow the soil sufficient enough for a seed bed. Roughening the surface with a hoe bucket will not be sufficient to remove compaction in the areas noted as high impact on maps contained in the application. Deep ripping, a minimum of two feet, to remove compaction is recommended. (DJ)

Page 24 indicates that "organic mulch with straw will be used...". Please note, the use of a mulch, or straw for reclamation is not anticipated at this time. However, the addition of organic material in the form of composted manure or biosolids may be needed, depending on the analysis of the soil materials as requested under R647-4-106.5. Please make changes in the plan to reflect this preferred alternative. (LK)

R647-4-111 - Reclamation Practices

111.2 Reclamation of natural channels

Please describe the reclamation of the stream crossing as identified under R647-4-107.2.
The cost of this reclamation will need to be added to the surety amount. (TM)

R647-4-113 – Surety

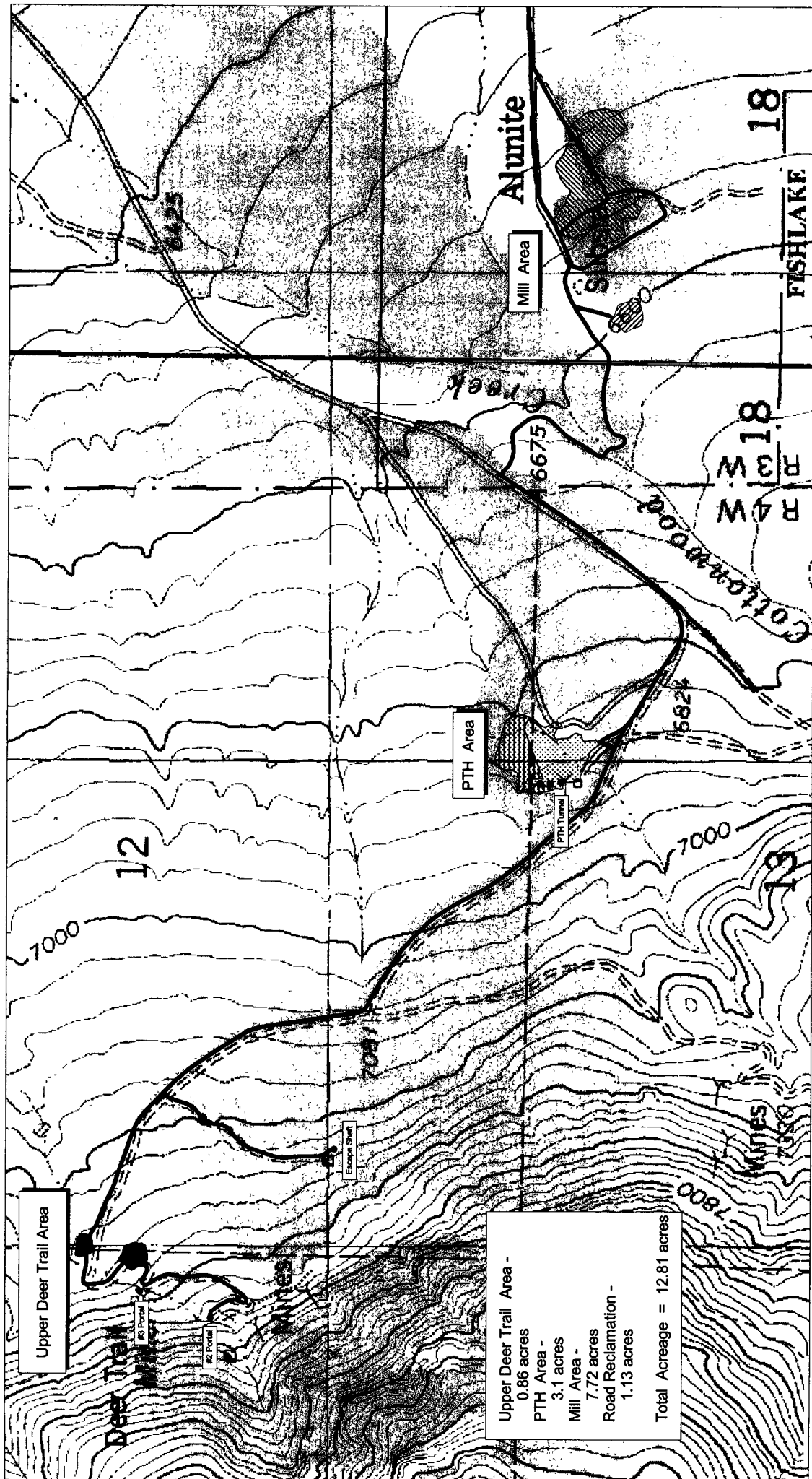
The plan states a hoe will be used to prepare some areas for seeding. There is no cost for the use of the hoe for this purpose, reflected in the surety. Please modify the surety to include the operation of hoe for this purpose. (DJ)

The surety does not include the cost for recontouring of the water storage pond or the removal of power lines that exist at the site. Please modify the surety to include these items. (DJ)

The cost of the removal of the water tank and the 370' of chain link fence should be included in the surety cost calculations. (DJ)

The plan only accounts for 6.5 acres of recontouring and ripping of the total 11.459 acres of disturbance (currently there are 12.5 acres that will require reclamation). Some type of seedbed preparation will be needed to prepare the additional 5.959 acres for seeding. Please describe this treatment and include the cost of this additional activity in the surety. (DJ)

Topsoil transportation from the stockpile accounts for the trucking of this material but does not account for a loader that will be required to load-out this material. Please include the cost of loader time in this operation in the surety. (DJ)



Upper Deer Trail Area -
0.86 acres
PTH Area -
3.1 acres
Mill Area -
7.72 acres
Road Reclamation -
1.13 acres
Total Acreage = 12.81 acres

Dept. of Natural Resources
Division of Oil, Gas & Mining
Mineral Mines Program

Different data sources and input scales
may be used in this map.
The product may not meet surveying
standards for accuracy and content.

Portions of:
Sections 11, 12 and 13
Township 28 S, R 4 W;
Section 18
Township 28 S, R 3 W, SLBM
Plute County, Utah

Unico - Deer Trail Mine
General Mine Permit Area
M/031/003

October 18, 2004

Drafted by LK